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C O N F I D E N T I A L SECTION 01 OF 04 PRAGUE 000676

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SUBJECT: 20 YEARS AFTER THE VELVET REVOLUTION: POLITICS NOT  
SO PLUSH

Classified By: CDA Mary Thompson-Jones for reasons 1.4 (b) and (d)

11. (C) Summary: On the evening of November 17, 1989, an officially sanctioned student commemoration on the fiftieth anniversary of Jan Opletal's burial (he was killed by the Nazis during a student demonstration in 1939), sparked a violent confrontation with the Czechoslovak state security service. From this confrontation, a non-violent revolution over the next six weeks led to Vaclav Havel being sworn in as President of Czechoslovakia on December 29. Since then, the Czech Republic has been transformed into a stable (if sometimes raucous) democracy and a vibrant market economy. However, the transformation is incomplete: Czech politics are frequently petty, driven by personal feuds, opportunism and populism; the economy is challenged by corruption. Most Czech are satisfied with the quality of life but cynical about domestic politics. Restoring faith will require rising above petty politics, and tackling corruption and lack of transparency. End Summary.

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Background: The Velvet Revolution  
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12. (SBU) On November 17, 1989, tens of thousands of students took to the streets in an officially-sanctioned student march commemorating the death of Jan Opletal. Opletal was a student killed by the Nazis during a student uprising on October 28, 1939. There was a second, larger student demonstration on November 17, the day Opletal was buried, that resulted in the Nazis executing nine, shipping 1,200 off to concentration camps and closing all Czech colleges and universities. In commemoration of Opletal's death and the uprising, the International Students' Council in London declared November 17 International Students' Day.

13. (SBU) On November 18, 1989, Embassy Prague reported via front channel on the previous day's "Brutal Suppression of Czech Students," calling the student demonstration the "largest anti-regime demonstration in 20 years." The students marched through Central Prague calling for "freedom, an end to communist rule and the ouster of the present communist leadership." The Embassy commented that the regime's brutal crackdown could "produce the sort of divisions so far largely muted in the CPCZ (Communist Party of Czechoslovakia) and will undercut what little popular legitimacy the regime has had as well as its longevity." How right we were. Over the next several weeks, hundreds of thousands of people demonstrated against the regime in the street, jingling keys above their heads and calling on Milos Jakes to step down. Forty-two days later, Vaclav Havel was sworn in as the President of the newly democratic Czechoslovakia.

14. (SBU) In a November 21 reporting cable ("Overheard Conversations"), an Embassy employee reported that she saw a young student on the metro wearing a U.S./Czech flag lapel pin (the kind we give away in baskets at July 4th parties) and that someone offered him 50 USD for it. The offer was refused. Such was the euphoria and hope for change. (Note:

the term "Velvet Revolution" was not initially a Czech moniker for these events. The events were given this name by the international press and only later was picked up by Czechs as an appropriate descriptor. End Note.)

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The Civic Forum  
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15. (SBU) The Civic Forum (Obcanske Forum in the Czech language) was organized immediately after the November 17 events to bring together the disparate groups of dissidents under a common organizational umbrella. It quickly assumed the leading political role in the civic uprising. The Civic Forum called for negotiations with the government of Milos Jakes as the "beginning of a universal discussion on the future of Czechoslovakia" and made four initial demands: that those in power responsible for the 1968 Prague Spring, immediately step down; that those involved in the brutal suppression of the November 17 and subsequent marches, immediately step down; that a committee be established to investigate the brutal suppression and that Civic Forum be on this committee; and that all detainees of the peaceful demonstrations be immediately released.

16. (SBU) In June 1990, free elections were held, with almost 97 percent of the eligible voters participating, pitting advocates of democracy against unrepentant believers in Communism. Four parties exceeded the minimum 5 percent threshold to make it into the Czech National Council (precursor to the Parliament): the Civic Forum (OF) received 49.5 percent of the vote (124 seats); the Communist Party of

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Czechoslovakia (KSC) won 13.2 percent (33 seats); the Movement for Self-Government Democracy/Union for Moravia/Silesia (HSD-SMS) won 10 percent of the vote (23 seats); and the Christian Democrats (KDU) won 8.4 percent (20 seats). The Civic Forum had a strong majority (having far exceeded the 100 votes necessary to rule the 200-seat National Council) and ruled as the governing coalition until 1992, even though the party itself dissolved in 1991. Of these initial four parties, only two remain: the Christian Democrats and the Communists, having proven themselves as stable political parties with a steady electorate.

17. (SBU) The 1992 elections brought eight parties into the parliament, the largest in the country's history. Since then, the number of parties in parliament has dropped to five. The Czech political system crystallized during the 1990s with two dominant parties emerging: the right-of-center Civic Democrats (ODS) and the left-of-center Social Democrats (CSSD). The extreme left, unreformed Communist Party (KSCM) has stubbornly defied predictions of its demise, consistently polling between eleven and fifteen percent, due to disciplined party voter behavior and its role as the last resort for center-left protest voters dissatisfied with CSSD.

However, the KSCM represents a dead block of votes in parliament, since it is still seen as taboo to enter into a national coalition with the Communists, although the CSSD has done so regionally in certain locations. The Christian Democrats have traditionally played the role of kingmaker because, as a centrist party, they have had no problem partnering with either ODS or CSSD. TOP 09 is the Czech Republic's newest party and was formed this year as a right-of-center alternative to ODS. It polls up to 15 percent support, despite having no platform nor any articulated goals. Its popularity is due entirely to the high public regard for its leader, Karel Schwarzenberg. These five parties are all expected to make it into parliament in the 2010 elections. The Green Party, which is currently in parliament, is not expected to cross the 5 percent threshold next year needed to win seats in the parliament.

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¶18. (SBU) Over the past 20 years, the Czech Republic has transformed itself, with the help of significant inflows of foreign direct investment, into a vibrant export-oriented market economy, with a strong manufacturing base, relatively low unemployment, and a stable financial system. Per capita GDP in 2008 reached USD 20,858, 80 percent of the EU average.

While pre-1989, Czech trade was oriented almost exclusively to the Soviet bloc and the East, the Czech economy is now strongly focused toward the EU and the West. Over 80 percent of Czech exports go to fellow EU countries with over 30 percent of total exports going to Germany alone.

¶19. (SBU) The transformation has not been without problems. Abuses during the privatization process and wide spread "tunneling" of state and foreign-owned businesses in the 1990s, where management conspired to transfer profitable parts of the company to their own private holdings, has left much of the population very skeptical of the new generation of businessmen and the government-business relationship. A significant financial crisis in the late 1990s cost the state nearly 20-30 percent of GDP to clean up and resulted in the privatization and foreign ownership of all major banks.

¶10. (SBU) Nevertheless, the Czech Republic was the first post-Communist country to receive an investment grade rating by international rating organizations and was one of only four OECD countries not to have had to recapitalize its banks during the recent global financial crisis. While the Czech economic transformation has so far been a great success story, the economy still faces several long-term challenges. These include corruption, especially in government procurement, dealing with a rapidly-aging population, an unsustainable pension and health care system, and diversifying the economy away from an over-reliance on manufacturing (especially the auto sector) toward a more high-tech, services-based economy.

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Czech Democracy Shows Its Youth  
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¶11. (SBU) Czech politics showed their youth in 2009. After Topolánek's ODS-led government lost the vote of no-confidence on March 24, Czech President Vaclav Klaus appointed the interim government of Jan Fischer on May 8 and scheduled early parliamentary elections for October 8 and 9. However, in dissolving itself, parliament ignored the

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constitutionally-mandated procedures and instead passed a short-cut ad hoc law -- a mistake that would come back to haunt it.

¶12. (SBU) A Constitutional Court decision nullified the early elections in September. The decision was a small victory for rule of law. Although many politicians and President Klaus grumbled (some even arguing that the Constitutional Court had overstepped its bounds by daring to dabble in the Constitution), they adhered to the decision. The dominant parties then passed a constitutional amendment that would allow for early elections on November 7 and 8.

¶13. (SBU) However, a surprise reversal by Social Democrat chair Jiri Paroubek scuttled the November elections. While Paroubek stated that the reason for his change of heart was uncertainty whether the political solution was constitutional, political analysts unanimously agreed it was sheer political self-interest that drove the decision: Paroubek was not convinced he would win. Elections are now set for May.

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Domestic Politics: Not So Plush  
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¶14. (C) The events of 2009 showed that while the Czech Republic has evolved into a stable democracy, the domestic political scene is often driven by petty politics: personal feuds, opportunism and populism. The heads of the two major parties, ODS Chair Mirek Topolánek and CSSD Chair Jiří Paroubek, are bitter rivals -- and neither gets along with President Klaus. When Topolánek became ODS Chair in 2002, for example, Klaus sent a (now famous) instant text message calling Topolánek "fake and vacuous." Klaus left ODS in December 2008 after Topolánek retained the ODS chairmanship, citing ideological reasons, but it was obvious that personal animosity with Topolánek was the main motivation. And Klaus's staunch anti-communism did not prevent him from cutting a deal with the KSCM in 2008 to help him get re-elected President.

¶15. (C) Paroubek is also a polarizing figure. His devout populism and arrogant rhetoric caused his detractors, literally, to hurl eggs at him during EU parliament campaign rallies in May 2009. And Paroubek epitomizes opportunism at its worst. As PM in 2005-2006, he supported establishment of a U.S. missile defense radar site in the Czech Republic, only to switch when he moved into opposition and saw an opportunity for gain based on public opposition to the site. In late 2008, Paroubek held up parliamentary approval of overseas troop deployments, including to Afghanistan, in order to gain concessions on a hot-button domestic health care issue.

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The Troublemakers of the EU  
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¶16. (C) Five years after joining the EU, the Czech Republic assumed the six-month rotating Presidency on January 1, 2009.

At the beginning of their Presidency, the Czechs got high marks for their handling of the Russia-Ukraine gas crisis. Then, three months into the Presidency, the government collapsed after losing a no-confidence vote engineered by the opposition CSSD and, many people believe, by President Klaus.

Again, the reason was petty political gain. The opportunistic CSSD opposition worried that the governing coalition was benefiting from increased public stature due to its able handling of the EU presidency; President Klaus sought to bring down the government of his own erstwhile party due to his personal vendetta against then-PM Topolánek.

¶17. (SBU) Aside from the collective national embarrassment, serious questions arose about the Czech Republic's ability to effectively finish the EU Presidency. The interim government of Prime Minister Fischer stepped in and did an admirable job. However, then President Václav Klaus refused to sign the Lisbon Treaty and stood as the last obstacle to its implementation. While both issues worked themselves out, they again demonstrated the relative immaturity of Czech democracy and the premium put on personal benefit over national interest. They also tarnished the Czech Republic's image in the EU.

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Communism's Legacy  
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¶18. (C) In addition to political pettiness, corruption and lack of transparency have also undermined faith in the political system. (Note: Transparency International ranks

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the Czech Republic as 52nd out of 180 countries for the perceived level of corruption - worse than last year's 45th. The U.S. ranks 19th. End Note). Polls consistently show that Czechs are dissatisfied with the state of politics. One from September (even before the scuttled elections fiasco) showed that only 1.8 percent of Czechs believe their politicians.

There is widespread belief that politicians work for lobbyists and that large business concerns control the political process. Images from July 2009 of former PM Topolánek in a Tuscan villa and then on a yacht with the Martin Roman, Head of CEZ (the quasi state energy concern and richest firm in the country), and other businessmen and lobbyists only feed Czech political cynicism.

¶19. (C) Vaclav Havel and others blame this on the legacy of forty years of Communism, when control of state institutions was the path to material well-being. They often cite the communist-era aphorism that "whoever does not steal from the state steals from his family." Respected pollster Jan Hartl recently pointed out to pollsters that despite popular disgust with corruption and other systemic defects, Czech voters fail to punish parties at the polls because, he believes, Czechs take it for granted that this is the natural state of affairs.

¶20. (SBU) As the euphoria over democracy inspired by the Velvet Revolution has worn off, participation in democracy has hit a plateau. In the 1990 parliamentary elections, there was 96.8 percent participation by eligible voters. By 2002, this had fallen to 58 percent. This increased slightly during the 2006 parliamentary elections - bumping up to 64 percent - and Czech participation in the electoral process is now at levels seen in older western democracies.

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Content with Life, Disappointed with Politics  
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¶21. (SBU) Comment: Pew Research conducted a poll in eight East and Central European countries asking if people felt life was better or worse now than under Communism. Of the eight countries, only two said life was better - the Czechs and the Poles. Not quite half (45 percent) of Czechs said life was better, while 39 percent said it was worse. This was in stark contrast to their kindred Slovakia, where only 29 percent life was better and 48 percent said life was worse. While Czechs appear content with democracy, quality of life and availability of consumer goods since the Velvet Revolution, politics appears to be one place with much room for improvement.

¶22. (C) In a speech given to the European Parliament, Vaclav Havel noted that, "A democratic culture cannot be created or renewed overnight." A generation has passed since the Czechs took back democracy from authoritarian rule, but democracy and free markets have not yet yielded the more moral Czech public Havel has repeatedly called for. There are reasons for hope: in addition to being disgusted with petty politics and corruption, Czechs admire politicians they perceive as idealistic and honest, such as ex-FM Karel Schwarzenberg. The Czech public must now learn that the path to political ideals lies not in changing human nature, but in changing concrete rules and practices to again bring out their better angels, which twenty years ago peacefully overthrew tyranny. End Comment.  
Thompson-Jones